

1 ILENE J. LASHINSKY (#003073)  
2 United States Trustee  
3 District of Arizona

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9 UNITED STATES BANKRUPTCY COURT  
10 FOR THE DISTRICT OF ARIZONA

11 In re

12 SIERRA BLANCA REHABILITATION,  
13 LLC

14 Debtor.

) In Proceedings under Chapter 11

) Case No. 2:12-bk-10157-MCW

) CONSENT ORDER RESOLVING UNITED  
) STATES TRUSTEE'S MOTION TO  
) CONVERT OR DISMISS DEBTOR'S  
) CHAPTER 11 CASE

15 On August 4, 2014, the United States Trustee ("UST") filed a motion to convert or  
16 dismiss this chapter 11 case ("Motion") for failing to file operating reports, failing to pay  
17 quarterly fees and failing to show a reasonable likelihood of reorganization through the Debtor's  
18 confirmed Plan of Reorganization. The Court set hearing on the Motion for September 3, 2014.  
19 On August 27, 2014, the Debtor through its attorney, Donald Powell ("Attorney Powell"), filed a  
20 Response to the UST's Motion ("Response") describing the financial history of the Debtor and  
21 how the Debtor is able to proceed within the Chapter 11 proceeding. Prior to the hearing on the  
22 UST Motion, the Debtor cured its post-confirmation quarterly report delinquency through 2nd  
23 quarter 2014. The Debtor also tendered one payment of \$6,105.41 toward the quarterly fee  
24 delinquency at the September 3<sup>rd</sup> hearing. Accounting for the payment of \$6,105.41, the Debtor  
25 remains delinquent to the UST in payment of quarterly fees through 2<sup>nd</sup> quarter 2014 in the  
26 amount of \$20,000.00. Undersigned counsel for the UST and Attorney Powell discussed the  
27  
28

1 Motion, Response, documents filed and the Debtor's overall reorganization. The undersigned  
2 attorney for the United States Trustee and counsel for the Debtor, having discussed the Motion  
3 and the intentions of the Debtor, now represent that the parties have reached an agreement  
4 resolving the Motion. The terms of the agreement are set forth below. The parties hereby agree  
5 and stipulate to the following:  
6

7 1. From October 1, 2014, through January 1, 2014 (cure period), the Debtor will pay  
8 \$5,000.00 on the first of every month to the UST in order cure the reaming \$20,000.00  
9 delinquency in quarterly fees owed the UST through 2<sup>nd</sup> quarter 2014. The Debtor must provide  
10 proof to the UST that each payment has been tendered by the 1<sup>st</sup> of each month. Failure to  
11 provide proof of payment is grounds for the UST to file a Notice of Noncompliance under this  
12 order.  
13


14 2. The Debtor is to remain current with payment of all prospective quarterly fees  
15 beginning with 3<sup>rd</sup> quarter 2014.  
16

17 3. The Debtor is to remain current with the filing of all post-confirmation quarterly  
18 reports.  
19

20 4. If the Debtor fails to comply with any provision of the consent order, the United  
21 States Trustee may file a Notice of Noncompliance ('NNC') with the Court and provide the  
22 Debtor and Attorney Powell with Notice of the NNC via regular and electronic mail. The Debtor  
23 shall have 10 days from the filing of the NNC to cure any delinquency. If the Debtor fails to  
24 cure any delinquency complained of in the NNC within the 10 day cure period, the UST may  
25 upload an order dismissing this case. If the United States Trustee lodges an order dismissing the  
26 case, the Debtor shall not contest the order.  
27

28 DATED AND SIGNED ABOVE

1  
2 We consent to the form and entry of this order:  
3

4 

5 Donald W. Powell  
6 Carmichael & Powell, PC  
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11 Attorney for the Debtors



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Attorney for the U.S. Trustee, Ilene Lashinsky